

FCC Form 481 - Carrier Annual Reporting
Data Collection Form

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010> Study Area Code	250317
<015> Study Area Name	ROANOKE TEL CO
<020> Program Year	2016
<030> Contact Name: Person USAC should contact with questions about this data	Veronica Martin
<035> Contact Telephone Number: Number of the person identified in data line <030>	6013549070 ext.
<039> Contact Email Address: Email of the person identified in data line <030>	FilingRAD@tec.com

ANNUAL REPORTING FOR ALL CARRIERS		54.313 Completion Required	54.422 Completion Required
<100> Service Quality Improvement Reporting	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<200> Outage Reporting (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210> <input checked="" type="checkbox"/> <-- check box if no outages to report		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<300> Unfulfilled Service Requests (voice)	0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<310> Detail on Attempts (voice)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> (attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<320> Unfulfilled Service Requests (broadband)	0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<330> Detail on Attempts (broadband)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> (attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<400> Number of Complaints per 1,000 customers (voice)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<410> Fixed	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<420> Mobile	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<430> Number of Complaints per 1,000 customers (broadband)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<440> Fixed	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<450> Mobile	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510> <div style="border: 1px solid black; height: 40px; width: 100%;"></div> 250317-AL-510.pdf	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600> Functionality in Emergency Situations	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610> <div style="border: 1px solid black; height: 40px; width: 100%;"></div> 250317-AL-610.pdf	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700> Company Price Offerings (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<710> Company Price Offerings (broadband)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<800> Operating Companies and Affiliates	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900> Tribal Land Offerings (Y/N)?	(if yes, complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1000> Voice Services Rate Comparability Certification	Yes <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1010> <div style="border: 1px solid black; height: 40px; width: 100%;"></div> 250317-AL-1010.pdf	(attach descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1100> Certify whether terrestrial backhaul options exist (Yes or No)	<input checked="" type="radio"/> Yes <input type="radio"/> No (if not, check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1110>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet			
Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers			
<2000>	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<2005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet			
<3000>	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<3005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

**(100) Service Quality Improvement Reporting
Data Collection Form**

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<010>	Study Area Code	250317
<015>	Study Area Name	ROANOKE TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Veronica Martin
<035>	Contact Telephone Number - Number of person identified in data line <030>	6013549070 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	FilingRAD@telco.com
<110>	Has your company received its ETC certification from the FCC? If your answer to Line <110> is yes, do you have an existing "5 year plan" filed with the FCC?	(yes / no) <input checked="" type="radio"/> <input type="radio"/> (yes / no) <input type="radio"/> <input type="radio"/>
<111>		

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing \$ 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

250317-AL-112.pdf

Name of Attached Document

Please select the appropriate responses below (Yes, No, Not Applicable) to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to §54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113>	Maps detailing progress towards meeting plan targets	Yes
<114>	Report how much universal service (USF) support was received	Yes
<115>	How much (USF) was used to improve service quality and how support was used to improve service quality	Yes
<116>	How much (USF) was used to improve service coverage and how support was used to improve service coverage	Yes
<117>	How much (USF) was used to improve service capacity and how support was used to improve service capacity	Yes
<118>	Provide an explanation of network improvement targets not met in the prior calendar year.	Yes

<010>	Study Area Code	250317
<015>	Study Area Name	ROANOKE TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Veronica Martin
<035>	Contact Telephone Number - Number of person identified in data line <030>	6019549070 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	FilingRADatec.com

[illegible]

<010>	Study Area Code	250317
<015>	Study Area Name	ROANOKE TEL CO
<020>	Program Year	2016
<030>	Contract Name - Person USAC should contact regarding this data	Veronica Martin
<035>	Contact Telephone Number - Number of person identified in data line <030>	6013549070 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	Fl1ngersRAD@tcc.com

1/1/2015

	Residential Local Service Charge Effective Date	Single State-wide Residential Local Service Charge
<701>		
<702>		

[illegible]

(710) Broadband Price Offerings Data Collection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	Study Area Code	250317
<015>	Study Area Name	ROANOKE TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Veronica Martin
<035>	Contact Telephone Number - Number of person identified in data line <030>	6013549070 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	FilingRADetec.com

[illegible]

OMB Control No: 3060-0986/OMB Control No: 3060-0819
July 2013

<010>	Study Area Code	250317
<015>	Study Area Name	ROANOKE TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Veronica Martin
<035>	Contact Telephone Number - Number of person identified in data line <030>	6013549070 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	Filing@adotec.com
<810>	Reporting Carrier	Roanoke Telephone Company, Inc.
<811>	Holding Company	Telephone Electronics Corporation
<812>	Operating Company	Roanoke Telephone Company, Inc.

[illegible]

**(900) Tribal Lands Reporting
Data Collection Form**

FCC Form 481
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<010>	Study Area Code	250317
<015>	Study Area Name	ROANOKE TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Veronica Martin
<035>	Contact Telephone Number - Number of person identified in data line <030>	6013549070 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	FilingRAD@telco.com

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes,No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable

**(1100) No Terrestrial Backhaul Reporting
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<010>	Study Area Code	250317
<015>	Study Area Name	ROANOKE TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Veronica Martin
<035>	Contact Telephone Number - Number of person identified in data line <030>	6013549070 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	FilingsRADatec.com

<1120> Please confirm whether terrestrial backhaul options exist within the supported area pursuant to § 54.313(g) (Yes, No).

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

(1200) Terms and Condition for Lifeline Customers**Lifeline****Data Collection Form**

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<010>	Study Area Code	250317
<015>	Study Area Name	ROANOKE TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Veronica Martin
<035>	Contact Telephone Number - Number of person identified in data line <030>	6013549070 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	FilingSRAD@ec.com

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

<1220> Link to Public WebsiteHTTP <http://www.ec.com/terms>

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☒

<1222> Details on the number of minutes provided as part of the plan, ☒

<1223> Additional charges for toll calls, and rates for each such plan. ☒

(2000) Price Cap Carrier Additional Documentation

Data Collection Form

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

FCC Form 481

OMB Control No: 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	250317
<015>	Study Area Name	ROANOKE TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	VERONICA MARTIN
<035>	Contact Telephone Number - Number of person identified in data line <030>	801352070 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	FILLINGRAD@ec.com

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

<2010> 2nd Year Certification (47 CFR § 54.313(b)(1)i)

<2011a> 3rd Year Certification (47 CFR § 54.313(b)(1)ii)

<2011b> Attachment (47 CFR § 54.313(b)(1)ii)

Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(a))

<2012> 2013 Frozen Support Calculation (47 CFR § 54.313(c)(1))

<2013> 2014 Frozen Support Calculation (47 CFR § 54.313(c)(2))

<2014> 2015 Frozen Support Calculation (47 CFR § 54.313(c)(3))

<2015> 2016 and future Frozen Support Calculation (47 CFR § 54.313(c)(4))

Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))

<2016> Certification Support Used to Build Broadband

Connect America Phase II Reporting (47 CFR § 54.313(e))

<2017> 3rd year Broadband Service Certification

<2018> 5th year Broadband Service Certification

<2019> Interim Progress Certification

<2020> Please check the box to confirm that the attached document(s), on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

<2021> Interim Progress Community Anchor Institutions

Name of Attached Document(s) Listing Required Information

(5000) Rate Of Return Carrier Additional Documentation
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010> Study Area Code 250317
<015> Study Area Name ROANOKE TEL CO
<020> Program Year 2016
<030> Contact Name - Person USAC should contact regarding this data Veronica Martin
<035> Contact Telephone Number - Number of person identified in data line <030> 6013549070_ext.
<039> Contact Email Address - Email Address of person identified in data line <030> F11IngeRAD@ec.com

CHECK the boxes below to note compliance on its five year service quality plan pursuant to 47 CFR § 54.202(a) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3010) Progress Report on 5 Year Plan
Milestone Certification (47 CFR § 54.313(f)(1)(ii))

250317-AU-3010.pdf

Name of Attached Document Listing Required Information

(3011) Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313(f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

☒

(3012) Community Anchor Institutions (47 CFR § 54.313(f)(1)(iii))

250317-AU-3012.pdf

Name of Attached Document Listing Required Information

(3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))

(3014) If yes, does your company file the RUS annual report

Name of Attached Document Listing Required Information

(Yes/No) ☒ ☒

(Yes/No) ☒ ☒

Please check these boxes to confirm that the attached document(s), on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)

☐ ☐

(3016) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

Name of Attached Document Listing Required Information

(Yes/No) ☐ ☐

(3018) If the response is no on line 3014, is your company audited?

(Yes/No) ☐ ☐

If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains

(3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications

☒

(3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

☒

(3021) Management letter and audit opinion issued by the independent certified public accountant that performed the company's financial audit

☒

If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

(3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers.

☐

(3023) Underlying information subjected to a review by an independent certified public accountant

☐

(3024) Underlying information subjected to an officer certification.

☐

(3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

☐

(3026) Attach the worksheet listing required information

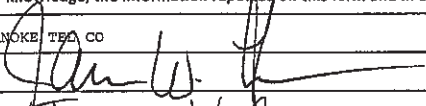
250317-AU-3026.pdf

Name of Attached Document Listing Required Information

Certification - Reporting Carrier	EGG Form 481
Data Collection Form	OMB Control No. 3060-0985/OMB Control No. 3060-0819
	July 2015

<010>	Study Area Code	250317
<015>	Study Area Name	ROANOKE TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Veronica Martin
<035>	Contact Telephone Number - Number of person identified in data line <030>	6013549070 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	FilingsRAD@tec.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	ROANOKE TEL CO
Signature of Authorized Officer:	 Date 6-30-15
Printed name of Authorized Officer:	James W. Garner
Title or position of Authorized Officer:	Vice President of Operations
Telephone number of Authorized Officer:	1001-354-9070
Study Area Code of Reporting Carrier:	250317 Filing Due Date for this form: 07/01/2015
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	250317
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<020> Program Year	2016
<030> Contact Name - Person USAC should contact regarding this data	Veronica Martin
<035> Contact Telephone Number - Number of person identified in data line <030>	6013549070 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	FilingsRAD@tec.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent: _____	
Name of Reporting Carrier: _____	
Signature of Authorized Officer: _____	Date: _____
Printed name of Authorized Officer: _____	
Title or position of Authorized Officer: _____	
Telephone number of Authorized Officer: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent or Employee of Agent: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: _____
Printed name of Authorized Agent or Employee of Agent: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

(700) Price Offerings including Voice Rate Data
Data Collection Form

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<015>	Study Area Name	ROANOKE TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Veronica Martin
<035>	Contact Telephone Number - Number of person identified in data line <030>	60135459070 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	FillingRAD@tec.com

1/1/2015

<701> Residential Local Service Charge Effective Date

<702> Single State-wide Residential Local Service Charge

<703>

[illegible]

OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

FilingRADotEC.com

<cd>

CONFIDENTIAL
NOT FOR PUBLIC INSPECTION

Five-Year Network Improvement Plan and Progress Report
For Roanoke Telephone Company, Inc.

In its *USF/ICC Transformation Order* and subsequent Orders, the Federal Communications Commission (“FCC” or “Commission”) required Eligible Telecommunications Carriers (“ETCs”) to submit a five-year build-out plan in a manner consistent with Section 54.202(a)(1)(ii) of the Commission’s Rules by July 1, 2014 and to submit annual progress reports thereafter.¹ In its *March 5, 2013 Order*, the FCC specified that for rate-of-return carriers, the five-year plans “should describe the carrier’s network improvement plan, which should provide greater visibility into current plans to extend broadband service to unserved locations in rate-of-return service territories.”² Roanoke Telephone Company, Inc. (“Roanoke” or the “Company”) is a rate-of-return carrier ETC and hereby submits its five-year network improvement plan as well as a progress report covering any progress made on the initial five-year network improvement plan submitted in 2014. Because the 2015 calendar year is still in progress, 2015 is included in its five-year plan, but extends the plan for an additional year, through 2020. Therefore, while Roanoke’s plan actually covers six calendar years, the five-year plan maintains a full five calendar years of forward-looking network improvement projects.

¹ See *Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform—Mobility Fund*; WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-61 (rel. Nov. 18, 2011) (*USF/ICC Transformation Order*) at Para. 587; *pets. for review denied*, *Direct Comm. Cedar Valley, et al v. FCC 11-161*, No. 11-9900 www.ca10.uscourts.gov/opinions/11/11-9900.pdf (10th Cir. filed May 23, 2014); see also *Connect America Fund et al.*, WC Docket 10-90 *et al.*, Order, DA 12-147 (rel. Feb. 12, 2012) at Para. 5 (amending Section 54.313(a)(1) to clarify this requirement); *Connect America Fund et al.*, WC Docket 10-90 *et al.*, Third Order on Reconsideration, FCC 12-52 (rel. May 14, 2012) at Para. 10 (changing the filing deadline for the annual reports from April 1 to July 1); *Connect America Fund et al.*, WC Docket 10-90 *et al.*, Order, DA 13-332 (rel. Mar. 5, 2013) (“*March 5, 2013 Order*”) at Para’s. 4, 6-9. Delaying Five-year Plan until July 1, 2014 see WC Docket No. 10-90, Order, DA 13-1115, Para. 8 (released May 16, 2013).

² *March 5, 2013 Order* at Para. 9 citing Section 54.202(a)(1)(ii).

I. The Company's Five-Year Network Improvement Plan

When the Commission adopted its five-year plan requirements for FCC-designated ETCs in its *2005 ETC Order*, it set forth the following criteria as to how the ETC is to describe with “specificity” the proposed improvements or upgrades to the ETC’s network throughout its service area:

(1) how signal quality, coverage, or capacity will improve due to the receipt of high-cost support throughout the area for which the ETC seeks designation; (2) the projected start date and completion date for each improvement and the estimated amount of investment for each project that is funded by high-cost support; (3) the specific geographic areas where the improvements will be made; and (4) the estimated population that will be served as a result of the improvements.³

In that order, the FCC clarified that service quality improvements in the five-year plan “do not necessarily require additional construction of network facilities.”⁴ Accordingly, the improvements listed in the plan may be projects related to the expansion of the network (one or multiple services), projects related to updating technology to accommodate new services or higher bandwidth or maintenance projects, such as to reduce trouble reports or replace outdated equipment. Additionally, in some cases, the projects may be ones that improve or upgrade the entire network rather than discrete areas within a study area or they may be ones that are ongoing projects that have no specific start and completion dates.

The instructions to the Form 481 state “[r]ecipients may describe where improvements are expected to occur by wire center or census block, as appropriate. To the extent no

³ *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 05-46 (rel. Mar. 17, 2005) (“*2005 ETC Order*”).

⁴ *Id.*

improvements are planned in specific areas, the five-year plan should so indicate.”⁵ The instructions also require that in subsequent annual progress reports, which must include the total amount of universal support received, this information must be provided “broken out separately by the amount spent on capital expenses and the amount spent on operating expenses.”⁶ Accordingly, the Company’s five-year plan separately provides both capital expenditures and operating expenses.

A. The Company’s Major Network Improvement Projects

Based upon this framework, Appendix A updates the Company’s five-year plan submitted in 2014 and reflects Roanoke’s major network improvement projects for the six calendar years 2015 through 2020⁷ along with the start and completion dates, capital costs, areas and population associated with those projects.

B. How These Projects Will Improve the Network

In 2016-2020 Roanoke plans project to expand its fiber network in order to increase speed and reliability of both broadband and traditional telephone services within its network. The fiber build-out scheduled in 2015 to be finished in 2016 in the business district in downtown Roanoke will increase service reliability and provide greater bandwidth for the estimated 780 businesses and residents in the area.

Ongoing projects include transport upgrades that will update antiquated technology which will soon be unsupported throughout the network and help reduce trouble tickets. Various

⁵ Instructions for Completing FCC Form 481, OMB Control No. 3060-0986 (High-Cost), OMB Control No. 3060-0819 (Low-Income), July 2013, Line 112.

⁶ Instructions for Completing FCC Form 481, OMB Control No. 3060-0986 (High-Cost), OMB Control No. 3060-0819 (Low-Income), July 2013, Line 112.

⁷ Based upon informal discussions with the FCC, the initial five-year network improvement plan covered calendar years 2015 through 2019.

other upgrades during this time include new computers, new vehicles, and other work equipment; these will be used to replace outdated equipment and address maintenance issues. Roanoke requires all batteries be tested regularly to insure reliability of the network under emergency situations, which means regular battery replacement throughout the five years. Routine outside plant upgrade projects will be regarded as the normal course of business for maintaining plant facilities and the network. Finally there will be various broadband upgrades and central office power upgrades; these projects will help to expand the network and update technology to allow higher broadband internet bandwidth speeds. See Appendix A for a full breakdown including costs of the various projects.

C. Estimated Capital Expenditures and Operating Expenses

The first table in Appendix B included herein specifies the capital expenditures (projects) in Appendix A, by Part 32 account, along with the respective year in which the expenditures are expected to occur. In the second table of Appendix B, the projected operating expenses are provided, including depreciation expense for both embedded plant investment and for capital expenditures, which begins when the capital expenditures are projected to be placed into service.

II. The Company's Progress Report on its Five-Year Network Improvement Plan

Roanoke is only able to report progress made prior to or over the first several months of 2015. The Fiber to the business district project was delayed due to budget restrictions. The Fiber to the Business district project will be completed in 2016 with updated financial information provided on Appendix A. Comprehensive progress made on network improvements in 2015 will be reported by Roanoke in its 2016 ETC Annual Report. Roanoke hereby provides the following required elements of its progress report to satisfy Form 481 reporting obligations.

A. The Amount of Universal Service Support Received by the Company

For the 2014 calendar year, which was outside of the scope of the Company's initial five-year network improvement plan, Roanoke received a total of \$690,150 in high cost universal service support ("USF") through the following mechanisms:

- [REDACTED] for Interstate Common Line Support ("ICLS");
- [REDACTED] for High Cost Loop Support ("HCLS");
- [REDACTED] for ICC CAF Support;

B. How Roanoke Telephone Company, Inc. Has Used USF to Improve Service Quality, Coverage and Capacity

Section 254(e) of the Communications Act of 1934, as amended requires ETCs to use Universal Service support ("USF") "only for the provision, maintenance, and upgrading of facilities and services for which the support is intended."⁸ Pursuant to Section 54.314 of the FCC's rules, in order for state-designated ETCs to receive USF for the coming year, states must annually file certifications by October 1 stating that all federal high-cost support provided to such carriers within the state "was used in the preceding calendar year and will be used in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended."⁹ ETCs not designated by a state must file similar certifications with the FCC.¹⁰

In its *USF/ICC Transformation Order*, the FCC clarified that prior to making the Section 254(e) certifications, states should conduct a "rigorous examination of the factual

⁸ 47 U.S.C. § 254(e).

⁹ 47 C.F.R. § 54.314(a).

¹⁰ 47 C.F.R. § 54.314(b).

information” contained in the annual Section 54.313 reports, of which the five-year network improvement plan and annual progress reports are a part, in determining whether they can certify that carriers’ support has been used and will be used only for the purpose for which the support was intended.¹¹ The FCC said that it would also use the reports to verify certifications filed by ETCs that are not state-designated.¹² In this context, the Commission stated, “[i]n light of the public interest obligations we adopt in this Order, a key component of this [Section 254(e)] certification will now be that support is being used to maintain and extend modern networks capable of providing voice and broadband service.”¹³

Essentially, under the existing rules and processes, the federal USF received by the Company and other incumbent rural telephone companies are, in fact, an integral part of the recovery of expenditures of rural incumbent local exchange carriers incurred in the provision, maintenance and upgrading of their provision of facilities and services for which the USF is intended. Roanoke depends upon its receipt and utilization of federal universal service support to provide rural telephone customers with affordable and quality voice and broadband services.

Accordingly, given the critical role the network improvement plan as updated herein and the progress reports will have in the annual Section 254(e) certification process, Roanoke’s plan and progress reports demonstrate how the Company has used and will use USF not only for improvements and upgrades, but also for the provision and maintenance of the facilities and services to which the support was intended. Even though the FCC did not require the Company to include calendar year 2014 as part of the Company’s network improvement plan

¹¹ See *USF/ICC Transformation Order* at Para. 612.

¹² *Id.*

¹³ *Id.* (emphasis supplied).

and thus there is no information to report regarding progress during that year, the Company hereby certifies that during that year it used USF solely for which the support was intended.

C. Maps Depicting the Company's Network Progress

Attached to this Five-Year Network Improvement Plan as Appendix C is Roanoke's map depicting the extent of the Company's network within its service area and indicating specific geographic areas associated with certain projects listed above.

D. Network Improvement Targets Not Met

Because 2015 is the first year of the Company's network improvement plan, there is no previous year for which to report network improvement targets that have not been fulfilled. The Company will report such information for calendar year 2015 as well as progress towards meeting its targets for that year in its progress report submitted in 2016.

Study Area Code

250317

Study Area Name

Roanoke Telephone Company, Inc.

Company Contact Name

Lisa Wigington

Contact Telephone Number

(601) 354-9070

Contact Email Address

FilingsRAD@TEC.com

APPENDIX A - PROJECT LIST FOR 2015-2019

Project	Start Date	Completion	Areas	Population(1)	Total Dollars	Notes from ISI Separations Contact & Company Discussion	
						Part 32 Account	Voice, Broadband, Both, etc.
Fiber to Business District	2015	2016	Roanoke Exchange	780		2423	Both
Transport Upgrade	2016	2020	All Exchanges	15,400		2212	Both
Central Office Power Upgrades	2016	2020	All Exchanges	15,400		2210	Both
Building Improvements	2016	2020	All Exchanges	15,400		2121	Both
New Computers	2016	2020	All Exchanges	15,400		2124	Both
New Vehicles	2016	2020	All Exchanges	15,400		2112	Both
Battery Replacement	2016	2020	All Exchanges	15,400		2232	Both
Test Equipment Upgrade	2016	2020	All Exchanges	15,400		2114	Both
Other Work Equipment	2016	2020	All Exchanges	15,400		2114	Both
Routine Outside Plant Upgrade Project	2016	2020	All Exchanges	15,400		2423	Both
Broadband Upgrade and Expansions	2016	2020	All Exchanges	15,400		2232	Broadband
Totals							

Study Area Code 250317
Study Area Name Roanoke Telephone Company, Inc.
Company Contact Name Lisa Wigington
Contact Telephone Number (601) 354-9070
Contact Email Address FilingsRAD@TEC.com

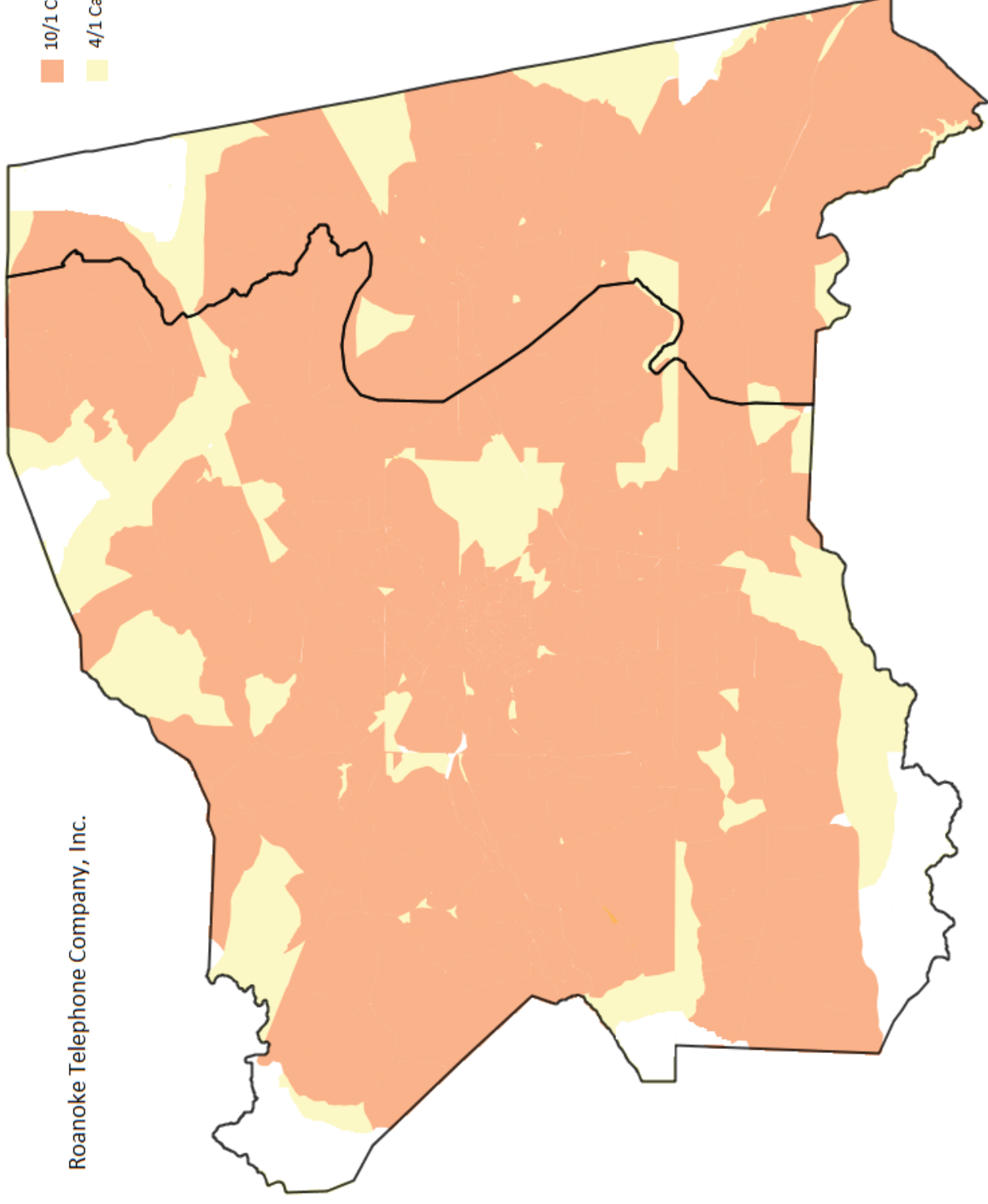
APPENDIX B: 5-Year Proposed Capital Expenditures and Operating Expenses

(1) Use the chart below to break out the regulated portion of the cost/expense on a per-year basis
Please note that the 5-Year Plan should include regulated plant/expenses only.

Regulated Capital Expenditure (CapEX) Projections								
Account	Description	2015	2016	2017	2018	2019	2020	Total Projected CapEx 2016-2020
2111 & 2121	Land & Building							
2112	Vehicles							
2122-2124	Support Assets							
2210	Switching Equipment							
2232	Circuit Equipment							
2410-2440	Cable & Wire Facilities							
1220	Materials & Supplies							
	Total Capital Expenditures							

Regulated Operating Expenditure (OpEx) Projections							
Account	Operating Expenses	2015	2016	2017	2018	2019	Total Operating Expenses 2016-2020
6110-6120	General Support Maintenance						
6210	Switching Maintenance						
6230	COE Transmission Maintenance						
6410	Cable & Wire Facilities						
6530	Non-Specific (Testing, Plant Op., Engineering)						
6561-2110	General Support Depreciation						
6561-2210	Switching Depreciation						
6561-2230	Circuit Equip Depreciation						
6561-2410	Cable & Wire Depreciation						
6610-6620	Customer Operations						
6711-6720	Corporate Operations						
7240	Ad Valorem Expense						
	Total Operating Expenses						

Roanoke Telephone Company, Inc.



Roanoke Telephone Company, Inc.’s demonstration of complying with applicable service quality standards and consumer protection rules:

In establishing this certification in its *2005 ETC Order*,¹ the FCC found that an ETC must make “a specific commitment to objective measures to protect consumers.”² The Commission found that for wireless ETCs, compliance with CTIA’s Consumer Code for Wireless Service would satisfy this requirement” and that the sufficiency of other commitments would be considered on a case-by-case basis.³ In this context, the FCC stated, “to the extent a wireline or wireless ETC applicant is subject to consumer protection obligations under state law, compliance with such laws may meet our requirement.”⁴

Roanoke Telephone Company, Inc. (“Company”) hereby certifies that it is complying with applicable service quality standards and consumer protection rules. The Company is subject to consumer protection obligations under state law. These obligations include, but are not limited to, the following: (1) filing a Local Exchange Tariff pursuant to the requirements of the Alabama Public Service Commission’s Rules and Regulations, Telephone Rules, Rule T-12, Filing of Telephone Tariffs and The Code of Alabama 1975 Section 37-1-81, which disclose rates, terms and conditions of service to customers; (2) adherence to state consumer protection requirements governing telephone providers which require adherence to minimum service standards as

¹ *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 05-46 (rel. Mar. 17, 2005) (“*2005 ETC Order*”).

² *Id.* at para. 28.

³ *Id.* The FCC noted that under the CTIA Consumer Code, wireless carriers agree to: “(1) disclose rates and terms of service to customers; (2) make available maps showing where service is generally available; (3) provide contract terms to customers and confirm changes in service; (4) allow a trial period for new service; (5) provide specific disclosures in advertising; (6) separately identify carrier charges from taxes on billing statements; (7) provide customers the right to terminate service for changes to contract terms; (8) provide ready access to customer service; (9) promptly respond to consumer inquiries and complaints received from government agencies; and (10) abide by policies for protection of consumer privacy.” *Id.* at n. 71.

⁴ *Id.* at n. 72.

identified in the Alabama Public Service Commission's Rules and Regulations, Telephone Rules, Rule T-21, protection against cramming and other deceptive practices as identified in Rule T-16(C)(11); (3) truth-in-billing requirements as identified in Rule T-16; and (4) CPNI, Red Flag Rules and other applicable federal and state requirements governing the protection of customers' privacy.

Roanoke Telephone Company, Inc.'s Ability to Function in Emergency Situations

Roanoke Telephone Company, Inc. hereby certifies that it is able to function in emergency situations as set forth in the Code of Federal Regulations, Title 47, Part 54, Subpart C, §54.202(a)(2)¹ and the Alabama Public Service Commission Rules and Regulations, Telephone Rules. The Company's network is designed to remain functional in emergency situations without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations as required by Section 54.202(a)(2). The Company can change call routing translations as needed to reroute traffic around damaged facilities within company exchanges. Changing call routing translations will also allow the Company to manage traffic spikes throughout its network, as emergency situations require. The Company does not have an alternate path of egress and therefor is reliant on a single meetpoint for broadband and voice network availability outside the local exchange carrier's boundary.

Specifically, each central office building is supplied with standby generators and battery back-up that enable the central office to keep running until power is restored so long as fuel is available, or until system changes are made to reroute traffic. The Company's central office(s) that have twenty-four (24) hour maintenance coverage or have an automatic start engine alternator can provide a minimum of three (3) hours of batter reserve in accordance with the Alabama Public Service Commission Rules and Regulations, Telephone Rules, Rule T-21(L)(2). All other central office(s), as and if

¹ Section 54.202(a)(2) requires ETCs that are designated by the Commission to "demonstrate its ability to remain functional in emergency situations, including a demonstration that it has a reasonable amount of back-up power to ensure functionality without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations."

applicable, have a minimum of eight (8) hours of battery reserve in accordance with Rule T-21(L)(2).

If Roanoke Telephone Company, Inc. is unable to route E911 traffic through traditional means during an emergency situation there is a temporary plan in place to ensure E911 functionality. After notifying the Roanoke Police Department, E911 calls will be rerouted to the Roanoke Police Department where members of the police will radio relay the calls to the E911 dispatch facility in Wedowee, AL.

Voice Services Rate Comparability**Roanoke Telephone Company, Inc.'s calculation for rate floor certification:**

Roanoke Telephone Company, Inc. ("Roanoke") certifies that its pricing of fixed voice services is no more than two standard deviations above the applicable national average urban rate floor for voice services. Roanoke calculates the average local voice rate using the following formula:

Local Rate + State SLC + State USF + Mandatory EAS

The local rate for Roanoke's customers is \$15.73, there is no state SLC or USF and no mandatory EAS. Based on the formula above, Roanoke's residential rates are \$15.73, well below the threshold of \$47.48 set by the Wireline Competition Bureau.

Progress Report

Because 2015 is the first year of the Company's network improvement plan, there is no previous year for which to report network improvement targets that have not been fulfilled. The Company will report such information for calendar year 2015 as well as progress towards meeting its targets for that year in its progress report submitted in 2016.

Roanoke Telephone Company, Inc.

List of New Community Anchor Institutions

Roanoke Telephone Company, Inc. had no new community anchor institutions connected in 2014.

ROANOKE TELEPHONE COMPANY, INC.
(A wholly-owned subsidiary of Telephone Electronics Corporation)

**FINANCIAL STATEMENTS TOGETHER
WITH INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2014 and 2013**

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Statements of Income

Statements of Cash Flows

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HUFFMAN & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

Francis I. Huffman, CPA
David Ray Soignier, CPA, MBA, CGMA

John Herman, CPA
Lynn Andries, CPA, CGMA
Esther Atteberry, CPA
Lori Woodard, MBA, CPA, CGMA, CITP
Fernando Cordova, CPA

INDEPENDENT AUDITORS' REPORT

Board of Directors
Roanoke Telephone Company, Inc.
Roanoke, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of Roanoke Telephone Company, Inc. (a wholly-owned subsidiary of Telephone Electronics Corporation – the Company), which comprise the balance sheets as of December 31, 2014 and 2013 and the related statements of income, changes in stockholder's equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Roanoke Telephone Company, Inc.
Roanoke, Alabama

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Huffman & Signer

(A Professional Accounting Corporation)
March 31, 2015

ROANOKE TELEPHONE COMPANY, INC.
BALANCE SHEETS
DECEMBER 31, 2014 AND 2013

Assets

	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash and cash equivalents (Note 2)		
Accounts receivable		
Customers, less allowance for doubtful		
accounts of [REDACTED] and [REDACTED] respectively		
Toll settlements, less allowance for doubtful accounts		
of [REDACTED] and [REDACTED] respectively		
Other		
Materials and supplies		
Deferred tax assets (Note 7)		
Prepayments		
NONCURRENT ASSETS		
Investments (Note 4)		
PROPERTY, PLANT AND EQUIPMENT (Note 5)		
Regulated communications		
Nonregulated communications		
Accumulated depreciation		
TOTAL ASSETS		

The accompanying notes are an integral part of these financial statements.

ROANOKE TELEPHONE COMPANY, INC.
BALANCE SHEETS
DECEMBER 31, 2014 AND 2013

Liabilities and Stockholder's Equity

	<u>2014</u>	<u>2013</u>
CURRENT LIABILITIES		
Accounts payable		
Trade		
Affiliates (Note 2)		
Other		
Advance billings and customer deposits		
Accrued taxes		
Other accrued liabilities		
 OTHER LIABILITIES AND DEFERRED CREDITS		
Deferred tax liabilities (Note 7)		
Regulatory liability		
 COMMITMENTS AND CONTINGENCIES (Note 10)		
 REDEEMABLE PREFERRED STOCK (Note 8)		
 STOCKHOLDER'S EQUITY		
Common stock, par value [REDACTED] per share;		
750 shares authorized, issued		
and outstanding		
Retained earnings		
 TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY		

The accompanying notes are an integral part of these financial statements.

**ROANOKE TELEPHONE COMPANY, INC.
STATEMENTS OF STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

<u>Common Shares Outstanding</u>		<u>Total Stockholder's Equity</u>	<u>Common Stock</u>	<u>Retained Earnings</u>
	BALANCES,			
750	December 31, 2012			
-	Net income			
-	Dividends on common stock			
<u>-</u>	Dividend on preferred stock			
	BALANCES,			
750	December 31, 2013			
-	Net income			
-	Dividends on common stock			
<u>-</u>	Dividend on preferred stock			
<u>750</u>	BALANCES,			
	December 31, 2014			

The accompanying notes are an integral part of these financial statements.

ROANOKE TELEPHONE COMPANY, INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>REGULATED COMMUNICATIONS OPERATIONS</u>		
REVENUES		
Local service		
Network access and miscellaneous (Note 1)		
OPERATING EXPENSES		
Plant operations		
Depreciation (Note 5)		
Customer and corporate operations		
Other operating		
Operating loss		
NONOPERATING INCOME (EXPENSE)		
Interest expense and related items		
Gain on sale of assets		
Other income (expense) - net (Notes 1 and 6)		
Loss before income taxes		
INCOME TAX BENEFIT (Note 7)		
Loss from regulated communications operations		

The accompanying notes are an integral part of these financial statements.

ROANOKE TELEPHONE COMPANY, INC.
STATEMENTS OF INCOME (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>NONREGULATED COMMUNICATIONS OPERATIONS</u>		
REVENUES (Note 1)		
 COST OF REVENUES		
Gross profit		
 OPERATING EXPENSES		
General operating expenses		
Depreciation (Note 5)		
 Operating income		
 NONOPERATING INCOME		
Income before income taxes		
 INCOME TAX EXPENSE (Note 7)		
 Income from nonregulated communications operations		
 Net income		
 Preferred stock dividend requirements		
 Net loss applicable to common stock		

The accompanying notes are an integral part of these financial statements.

ROANOKE TELEPHONE COMPANY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
OPERATING ACTIVITIES:		
Net income		
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation (Note 5)		
Provision for losses on Accounts receivable - Customers		
Provision for losses on Accounts receivable - Toll settlements		
Gain on sale of regulated communications plant		
Provision for deferred income taxes (Note 7)		
Provision for inventory obsolescence		
Changes in assets and liabilities		
Net cash provided by operating activities		
INVESTING ACTIVITIES:		
Purchase of property, plant and equipment		
Net removal costs on regulated communications plant retirements		
Proceeds from sale of regulated communications plant		
Net cash used for investing activities		
FINANCING ACTIVITIES:		
Dividends to common stockholder		
Dividends to preferred stockholder (Note 8)		
Net cash used for financing activities		
Net decrease in cash and cash equivalents		
Cash and cash equivalents at beginning of year		
Cash and cash equivalents at end of year		

The accompanying notes are an integral part of these financial statements.

ROANOKE TELEPHONE COMPANY, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Changes in assets and liabilities:		
Accounts receivable		
Customers		
Toll settlements		
Other		
Materials and supplies		
Prepayments		
Accounts payable		
Trade		
Affiliates (Note 2)		
Other		
Advance billings and customer deposits		
Accrued taxes		
Other accrued liabilities		
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest		
Income taxes (Note 2)		
 NONCASH INVESTING AND FINANCING ACTIVITIES:		
Retirements of regulated communications plant at original cost		

The accompanying notes are an integral part of these financial statements.

ROANOKE TELEPHONE COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Roanoke Telephone Company, Inc. (the Company) is a wholly-owned subsidiary of Telephone Electronics Corporation (TEC).

Nature of Operations

The Company's principal line of business is the provision of a broad range of communications services to business and residential customers located primarily in eastern Alabama. The Company views, manages and evaluates the results of its operations from the various communications services as one company, and therefore, has identified one reporting segment as it relates to providing segment information.

Regulatory Accounting

The Company follows the accounting for regulated enterprises prescribed by Accounting Standards Codification (ASC) 980, "*Regulated Operations*", including certain accounting practices prescribed by the Federal Communications Commission (FCC) and the Alabama Public Service Commission (APSC). The standard system of accounts for the Company is the FCC's Part 32 Uniform System of Accounts. This accounting recognizes the economic effects of rate regulation by recording costs and a return on investment; as such, amounts are recovered through rates authorized by regulatory authorities. Accordingly, ASC 980 requires the Company to depreciate regulated communications plant over the useful lives approved by regulators, which could be different than the estimated useful lives that would otherwise be determined by management. Criteria that would give rise to the discontinuance of accounting in accordance with ASC 980 include increasing competition which may restrict the ability of the Company to establish prices that allow it to recover specific costs and significant changes in the manner in which rates are set by regulators from cost-based regulation to another form of regulation. The Company periodically reviews the criteria to determine whether the continued application of ASC 980 is appropriate.

The Company is subject to reviews and audits by regulatory agencies. There were no reviews or audits during 2014 and 2013.

Revenue Recognition

Revenue is recognized when evidence of an arrangement exists, the earnings process is complete and collection is reasonably assured. The Company's revenues are primarily derived from: local calling services, interstate and intrastate access revenues (including pooled revenues), Connect America Fund (CAF) support, Internet and data services, long distance services and other miscellaneous services.

The Company markets competitive service bundles which may include multiple deliverables. The Company offers an unlimited statewide calling bundle and an unlimited nationwide calling bundle that consist of voice services, calling features and long distance. Revenues are allocated to the separate units based on their estimated fair values.

Substantially all recurring non-usage sensitive service revenues, including service bundles, are billed in advance and deferred until earned. The Company records revenue billed in advance as advance billings. Non-recurring and usage sensitive revenues are billed in arrears and recognized when earned.

Network access and miscellaneous revenue is derived from several sources, including CAF support, interstate and intrastate access revenues, as well as intrastate long distance revenues, and is detailed as follows:

	2014	2013
CAF support		
Interstate/intrastate access		
Intrastate long distance		
Directory services		
Miscellaneous		
Uncollectible		

Revenue for interstate access services is received through tariffed access charges filed by the National Exchange Carrier Association (NECA) with the FCC on behalf of the NECA member companies. These access charges are billed by the Company to interstate interexchange carriers and reported to NECA to be pooled with like-revenues from all NECA member companies. A portion of the pooled access charge revenues are distributed to the Company based upon its actual cost of providing interstate access service, plus a return on the investment dedicated to providing that service. Distributions from these pools can change relative to changes made to expenses, plant investment, or rate of return. Intrastate revenue is derived from tariffed access charges as filed with the APSC. These access charges are billed to the interexchange carriers and payments are retained by the Company. The Company recorded toll settlement adjustments of \$3,242 during 2014 and \$21,379 during 2013 related to prior years intrastate and interstate

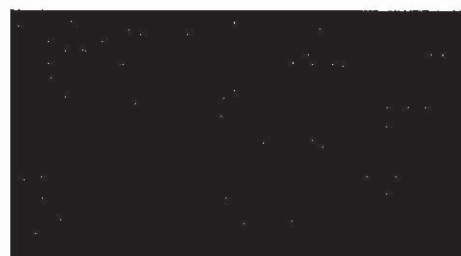
access costs, which are reflected within "Other income (expense) - net" on the accompanying statements of income. Estimated interstate revenues are initially recorded based on cost studies which require final approval by NECA and the FCC. It is believed that the recorded amounts in 2014 approximate the final amounts which will be determined when pool cost studies are finalized; however, these estimates are subject to adjustment in future accounting periods as additional operational information becomes available. The Company recognized a reduction in revenue in the amount of [REDACTED] during 2014 and [REDACTED] during 2013, as a result of the 2013 and 2012 pools being finalized.

The FCC has issued a Report and Order and Further Notice of Proposed Rulemaking ("Reform Order"). The Reform Order contains comprehensive rules reforming all forms of intercarrier compensation and implements a new support mechanism for the deployment of broadband services. Generally, the intercarrier compensation reform outlines a path toward a "bill & keep" method where there is no compensation for termination of traffic received from another carrier. The transition to this method includes numerous steps depending on the type of traffic exchanged. As required by the Reform Order, effective July 1, 2013, the Company made the final reduction to bring its intrastate access rates to parity with its interstate access rates. In July 2014, the Company began reducing its terminating access and reciprocal compensation rates over 7 years to "bill & keep". The Company receives CAF support, which is a support mechanism designed to replace some of the Company's lost access revenue during the transition period outlined in the Reform Order.

The Company recognizes directory services revenue over the subscription period of the corresponding directory. Directory services are normally billed under contract.

Nonregulated communications revenues are derived primarily from Internet and data services, long distance services, inside wire maintenance (ISW Maintenance), Voice over Internet Protocol communications services (VoIP) and security monitoring services, and are detailed as follows:

	<u>2014</u>	<u>2013</u>
Internet and data services		
Interstate/international long distance		
ISW Maintenance		
VoIP		
Security monitoring services		
Miscellaneous		
Uncollectible		



Receivables for network access revenues are reflected (net of payables) as "Accounts receivable - Toll settlements" for 2014 and 2013 on the accompanying balance sheets.

Property, Plant and Depreciation

Regulated communications plant is stated substantially at original cost of construction and includes indirect costs consisting of payroll taxes, pensions and other fringe benefits, and supervision salaries. Net composite interest charges on borrowed and equity funds used to finance construction are capitalized in the same manner as construction labor and material costs. Interest is capitalized to the extent allowed by regulatory agencies. No interest was capitalized in 2014 or 2013.

Generally, for regulated communications plant, normal asset retirements are charged against accumulated depreciation along with the cost of removal, less salvage, with no gain or loss recognized. The unrecovered costs of regulated communications plant removed substantially in advance of the expected service life of the plant (extraordinary retirements) are deferred and amortized over a period of years specified by the appropriate regulatory commission. There were no extraordinary retirement balances as of December 31, 2014 and 2013.

Depreciation of regulated communications plant is provided on the straight-line method, using class and overall composite rates subject to FCC guidelines.

When nonregulated communications plant is sold or retired, the original cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations. Depreciation on nonregulated communications plant is determined using the straight-line method for financial reporting purposes.

Expenditures for improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs to all property, plant and equipment, as well as replacement of minor items, are charged to maintenance expense as incurred.

Materials and Supplies

The Company maintains an inventory of cable, modems and equipment repair parts as well as maintaining an inventory for resale of telephones, security system components and computer accessories. Materials and supplies are stated at the lower of cost or market value. Cost is determined using the moving average method of valuation. The Company reviews inventory on an annual basis for obsolescence and records charges based upon various factors, including the age of the inventory and technological advances. The Company has provided a reserve for obsolete inventory of [REDACTED] and [REDACTED] at December 31, 2014 and 2013, respectively.

Income Taxes

The Company is included in the consolidated federal income tax return of TEC. For financial reporting purposes, income taxes are generally calculated and settled as though the Company had prepared a separate tax return except that the statutory income tax rate for TEC is applied.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and their respective tax bases and operating loss and tax credit carryforwards.

To the extent current year income tax accruals are paid or offset by other transactions with TEC, they are considered as cash paid for income taxes.

Pursuant to ASC 980, the Company had recorded a regulatory liability and a corresponding reduction in net deferred income taxes payable relative to excess deferred income taxes and the regulatory impact thereof. The regulatory liability and the related tax impact were being amortized using the straight-line method as a reduction of income tax expense. The regulatory liability and the related tax impact were fully amortized during 2014.

Interest and penalties related to income tax matters are recognized in Nonoperating Income (Expense). During 2014 and 2013, the Company had no significant amounts recorded for interest and penalties.

The Company is subject to income tax examinations by the IRS and the Alabama Department of Revenue; however, there are currently no examinations in progress for any tax periods. Management believes the Company is no longer subject to income tax examinations for years prior to 2011.

Recently Issued Accounting Pronouncements

During 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) ASU 2014-01 through ASU 2014-18. Except for ASU 2014-09, which is discussed below, these ASUs primarily provide technical corrections to existing guidance, relate to specialized industries or relate to accounting issues that are not applicable to the Company. Accordingly, these ASUs will not have a material impact on the Company's financial position or results of operations.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which is designed to clarify the principles used to recognize revenue for entities. The accounting guidance defines how companies report revenues from contracts with customers, and also requires enhanced disclosures. The guidance becomes effective for the Company on December

31, 2018 and allows for two methods of adoption: (1) "full retrospective" adoption, meaning the standard is applied to all periods presented, or (2) "modified retrospective" adoption, meaning the cumulative effect of applying ASU 2014-09 is recognized as an adjustment to the fiscal year 2018 opening retained earnings balance. The Company is evaluating the potential impact of this pronouncement.

Cash, Cash Equivalents and Cash Investments

The Company considers highly liquid investments (including the Company's interest in a consolidated cash management account maintained by a subsidiary of TEC (see Note 2)) with an original maturity of three months or less to be cash equivalents. Certificates of deposit with an original maturity greater than three months, but less than or equal to one year are considered to be cash investments.

Disclosures About Concentrations

The Company is subject to credit risk primarily through cash and cash equivalent balances and trade receivables.

The Company's cash and cash equivalents are primarily invested in a master cash management pool with other TEC affiliates (see Note 2). The overall pooled cash balances are currently invested in mutual funds, consisting primarily of U.S. government agency and treasury securities, as well as overnight repurchase agreements. The risk of loss on such investments is remote.

The Company believes that the concentration of credit risk with respect to trade receivables is principally related to receivables due from other interexchange carriers for network access revenues, which are reflected within "Accounts receivable – Toll settlements", and the amounts due from underlying customers for local, internet and data services which are reflected in "Accounts receivable – Customers" on the accompanying balance sheets. Overall, the Company believes that such credit risk is minimized because charges for local, internet and data services are typically billed in advance of the actual communications services being rendered, and charges for toll services provided by long distance carriers other than the Company and not collected from the Company's underlying customers are recoverable from the associated long distance carriers.

Accounts Receivable and Allowance for Doubtful Accounts

The Company extends credit to its business and residential customers generally on an unsecured basis. Service interruption is the primary vehicle for controlling losses. Trade and toll settlement receivables are accounted for at cost less the reserve for uncollectible accounts. The allowance for doubtful accounts on trade receivables is computed by management and is the

Company's best estimate for the amount of probable losses on the Company's existing accounts receivable. The allowance for doubtful accounts is calculated excluding the long distance portion of the receivable, for carriers other than the Company, due to the fact that this portion is recoverable in full from the associated long distance carrier. The allowance for doubtful accounts for toll settlements is calculated using the specific identification method whereby management assesses a carrier's ability to meet its current financial obligations to the Company. Management's assessment includes the overall length of time the receivable has been past due, historical collection experience, and other factors.

Customers are typically billed on the 1st of every month and the accounts are considered delinquent if not paid in full by the 15th of the month. Late fees are billed at the tariffed rate filed with the APSC and are recorded as income when billed. Customer accounts are typically disconnected if payment is not received by the 25th of the respective month. Normally, uncollectible trade receivables are written off against the allowance for doubtful accounts sixty days after the date of disconnection. Subsequent recoveries of customer receivables are recognized as income in the period such amounts are actually received.

Advertising

Costs incurred for producing and communicating advertising are expensed as incurred.

Taxes Collected from Customers and Remitted to Governmental Authorities

The Company records taxes billed to its customers and remitted to governmental authorities on a net basis within a liability account.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The estimates are reviewed periodically and, as adjustments become necessary, they are reported in the earnings of the Company in the period in which they become known.

Investments

Investments in nonconsolidated companies in which the Company has a 20% to 50% interest or otherwise has the ability to exercise significant influence over the operating and financial policies are accounted for using the equity method. Investments in which there is no significant

influence (normally less than a 20% ownership) are accounted for under the cost method of accounting.

To determine if an impairment of an investment exists, the Company monitors and evaluates the financial performance of the business in which it invests and compares the carrying value of the investee to quoted market prices (if available), or the fair values of similar investments, which in certain instances, is based on traditional valuation models utilizing multiples of cash flows. When circumstances indicate that a decline in the fair value of the investment has occurred and the decline is other than temporary, the Company records the decline in value as a realized impairment loss and a reduction in the cost of the investment.

Subsequent Events

The Company evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through March 31, 2015, which is the date the financial statements were available to be issued.

2. AFFILIATED TRANSACTIONS

In the normal course of operations, the Company receives and provides certain services or engages in transactions with TEC and/or certain subsidiaries of TEC. The significant services and transactions with affiliated companies not discussed elsewhere are summarized as follows:

	<u>2014</u>	<u>2013</u>
Amounts incurred for assistance with billing and related services provided by subsidiaries of TEC		
Amounts incurred for executive, managerial, technical, accounting, insurance, marketing, legal, service mark licensing, regulatory matters, revenue assurance, equipment purchases and other miscellaneous services provided by TEC		
Amounts incurred for network transmission, network access, equipment and network maintenance, Internet bandwidth, equipment purchases and other miscellaneous services provided by subsidiaries of TEC		
Sale of regulated communications property, plant and equipment to other telephone subsidiaries of TEC		

The net balances due (to) from affiliated companies are reflected in the financial statements as follows:

	<u>2014</u>	<u>2013</u>
Accounts payable - Affiliates		
Amounts included in:		
Accounts payable - Trade		

The following is a detail of the composition of the net balance due (to) from affiliates:

	<u>2014</u>	<u>2013</u>
TEC		
LecNet, Inc.		
TEC Services, Inc.		
TEC Services of Louisiana, Inc.		
TEC of Jackson, Inc.		
Bay Springs Telephone Company, Inc.		

In addition to the above transactions, the Company made federal tax payments to TEC of [REDACTED] and [REDACTED] during 2014 and 2013, respectively. Further, amounts due to TEC for federal income taxes, which are included in the TEC amounts above, amounted to [REDACTED] and [REDACTED] at December 31, 2014 and 2013, respectively.

The Company participates in a master cash management pool with other TEC affiliates administered by Regions Bank. The Company's main operating and payroll accounts draw from and are funded by an investment account maintained by another subsidiary of TEC. The Company receives an allocation of earnings, if any, and fees on the investment account on a monthly basis. The Company's share of the investment account is reflected in "Cash and cash equivalents" on the accompanying balance sheets and amounted to [REDACTED] for 2014, of which [REDACTED] has been committed to fund outstanding checks. The Company's share of the investment account for 2013 was [REDACTED] of which [REDACTED] was committed to fund outstanding checks.

A loan agreement of TEC with the Rural Telephone Finance Cooperative (RTFC) contains certain restrictions which pertain to the Company, including restrictions on incurring additional indebtedness and transactions involving the Company's capital stock.

3. RELATED PARTY TRANSACTIONS

During 2014 and 2013, the Company engaged in transactions with entities in which there is an ownership or involvement by an officer and director. The significant transactions are summarized as follows:

	<u>2014</u>	<u>2013</u>
Amounts incurred for engineering and other related services provided by a company owned or controlled by an officer and director of the Company	[REDACTED]	[REDACTED]

Amounts payable to related parties at December 31, 2014 and 2013 were [REDACTED] and [REDACTED] respectively. These amounts are reflected in "Accounts payable - Trade" on the accompanying balance sheets.

4. INVESTMENTS

Investments consist of:

	<u>2014</u>	<u>2013</u>
RTFC	[REDACTED]	[REDACTED]

The Company's investment in RTFC is carried at historical cost due to no readily determinable fair market values for such instruments being available. The RTFC investment is comprised of patronage certificates that represent ownership in RTFC. This investment is being redeemed on an ongoing basis.

5. PROPERTY, PLANT AND EQUIPMENT

The major classes of property, plant and equipment and their respective depreciation rates are as follows:

	<u>Annual Rate Range</u>	<u>Asset Balance</u> <u>2014</u> <u>2013</u>
Regulated communications		
Acquisition adjustment	-	
Land	-	
Buildings	2%	
Vehicles and other work equipment	5% - 8%	
Furniture and office equipment	4% - 20%	
Central office equipment	10%	
Circuit equipment	8%	
Poles	4%	
Cable, lines and wire	3% - 4%	
Paging	4%	
Other	2% - 9%	
Total regulated communications plant in service		
Regulated communications plant under construction		
Total regulated communications plant		
Nonregulated communications	20%	

Depreciation expense for property, plant and equipment amounted to [REDACTED] and [REDACTED] in 2014 and 2013, respectively. The composite depreciation rate for regulated communications property, plant and equipment was 4.28% for 2014 and 4.70% for 2013.

6. LEASES

The Company incurs pole rent expense under the terms of cancellable joint use pole rental agreements and pole attachment license agreements. Pole rent expense incurred under these agreements, which is reflected in "Plant operations" on the accompanying statements of income, amounted to [REDACTED] and [REDACTED] for 2014 and 2013, respectively. Under the terms of the joint use pole rental agreements the Company recorded pole rental revenue in the amount of [REDACTED] during 2014 and [REDACTED] during 2013, which is included in "Network access and miscellaneous" on the accompanying statements of income. In 2013, the Company received refunds of [REDACTED] primarily related to audits of the 2012 pole rental billings, which are reflected within "Other income (expense) – net" on the accompanying statements of income.

The Company also leases land and other items under cancellable operating leases. Rent expense under these agreements amounted to [REDACTED] for both 2014 and 2013.

7. INCOME TAXES

Income taxes were charged to operations as follows:

		<u>Regulated Communications Operations</u>	<u>Nonregulated Communications Operations</u>	<u>Total</u>
	2014			
Current				
Federal				
State				
Deferred				
Federal				
State				
	2013			
Current				
Federal				
State				
Deferred				
Federal				
State				

The following is a summary of the items which cause the effective tax rate based on pretax income to differ from the statutory federal income tax rate:

	<u>2014</u>	<u>2013</u>
	<u>Amount</u>	<u>Amount</u>
	<u>% of Pretax Income</u>	<u>% of Pretax Income</u>
Computed "expected" federal income tax expense		
State income tax expense, net of federal income tax effect		
Amortization of regulatory liability - net		
Other - net		
Actual income tax expense		

The tax effects of temporary differences that gave rise to the deferred tax assets and deferred tax liabilities at December 31, 2014 and 2013, are as follows:

	<u>2014</u>	<u>2013</u>
Deferred federal income tax (for calculation of deferred state income taxes)		
Deferred state income tax (for calculation of deferred federal income taxes)		
Property, plant and equipment, primarily, due to depreciation differences		
Other - net		

Deferred taxes are included in the financial statements as follows:

	<u>2014</u>	<u>2013</u>
Deferred tax assets - current		
Deferred tax liabilities - noncurrent		

8. PREFERRED STOCK

The Company has issued 1,500 shares of [REDACTED] par, 10.5% cumulative, non-voting preferred stock. All of the outstanding preferred stock is owned by TEC and has a stated, liquidation and redemption value of [REDACTED] per share. Dividends on the preferred stock amounted to [REDACTED] for 2014 and 2013, respectively.

9. EMPLOYEE BENEFIT PLANS

Employee Stock Ownership Plan (ESOP)

TEC sponsors an ESOP that covers substantially all employees with one year or more of service with a participating company. Participating companies include TEC and its subsidiaries (including the Company). This plan is funded by participating company contributions determined annually by TEC's Board of Directors. The Company contributed [REDACTED] during 2014 and [REDACTED] during 2013 to the ESOP, which is reflected as compensation expense.

Employee 401(k) Plan

The Company is included in the Telephone Electronics Corporation and Associated Companies 401(k) Plan (the 401(k) Plan). Participating employees may contribute a portion of their compensation to the 401(k) Plan, and the Company, at its discretion, makes matching

contributions based on the employee's contribution. Participation in the 401(k) Plan is open to employees who have attained the age of 21 and completed one year of service (as defined under the 401(k) Plan). Currently, the Company makes safe harbor matching contributions of 100% of the first 3% of employee compensation contributed to the 401(k) Plan and 50% of the next 2% of employee compensation contributed to the 401(k) Plan. Total matching contributions recognized by the Company were [REDACTED] and [REDACTED] for 2014 and 2013, respectively.

10. COMMITMENTS AND CONTINGENCIES

Construction expenditures and other investments in property, plant and equipment are currently estimated to be [REDACTED] during 2015; however, this estimate may be revised for changes in funding availability.

11. CONCENTRATIONS, RISKS AND UNCERTAINTIES

The Company's business is conducted primarily in eastern Alabama and, accordingly, is dependent upon the general economic conditions of this region. Although the Company's performance is affected by the general conditions of the economy, not all of its services are equally affected. There can be no assurance that future economic conditions in this region will not impact demand for services, which may impact the Company's business, operating revenues and cash flows.

The Company also faces certain inherent risks that its service area can experience significant weather events which have the potential to physically damage its overall telecommunications infrastructure. Such disruptions may cause interruptions in service or reduced capacity for customers on a short-term basis and cause the Company to incur certain non-recurring expenses which may or may not be recoverable under the provisions of insurance policies.

The Company faces potential competition from wireless carriers, competitive local exchange carriers and other providers of telecommunications and information services. Certain competitors benefit from financial, personnel, marketing and other resources that are significantly greater than the Company's available resources. These competitors may provide services competitive with products and services the Company provides or intends to provide. However, as a "rural telephone company", the Company is currently exempt from the obligation to lease network elements in an unbundled manner to competitive local exchange carriers and to comply with certain other requirements applicable to larger incumbent local exchange carriers. This relief may be lost if certain actions are taken by competitors or regulatory bodies.

Approximately 42% of the Company's total combined revenues for the years ended December 31, 2014 and 2013 were derived from network access charges and CAF support. The interstate network access rates that the Company can charge are regulated by the FCC, and the intrastate network access rates are regulated by the APSC. Those rates may change from time to time.

In early 2010, the FCC released its new National Broadband Plan (the Broadband Plan). The Broadband Plan is the FCC's framework to develop a comprehensive plan over the next decade for broadband deployment, intercarrier compensation reform and regulatory reform initiatives, such as reformation of the Universal Service Fund (USF) High Cost Loop Fund (HCL). Subsequently, the FCC issued the Reform Order, which addressed both intercarrier compensation as well as USF support issues. The Reform Order was accompanied by a Further Notice of Proposed Rulemaking seeking comment on a range of follow up proposals. The Reform Order is also the subject of numerous Petitions for Reconsideration, which ask the FCC to reconsider portions of its decision, and is the subject of judicial appeals. Future judicial challenges to the Reform Order are also possible, which could alter or delay the FCC's proposed changes. The Company cannot predict the outcome of any future rulemaking, reconsideration and legal challenges and as a consequence, the impacts these may have on the Company; however, the Reform Order may have a negative impact on the Company's revenues.

The Reform Order establishes a \$2 billion fund that is intended to maintain existing levels of support in the aggregate while at the same time transitioning support mechanisms so that, over time, rate of return carriers receive support for the deployment of wireline broadband facilities principally through the CAF rather than through the intercarrier compensation regime. To effectuate the first phase of this effort, the Reform Order established benchmarks that limit certain reimbursable capital and operating expenses for determining HCL support; reduces HCL support on a dollar-for-dollar basis where a carrier's local rates are set below a specified urban local rate floor; phases out Safety Net Additive support; eliminates local switching support; eliminates support for service areas that overlap with the service areas of others; and imposes a \$250 absolute cap on per line support. Although the Reform Order is intended to permit rate of return carriers to recover any lost support through the explicit support mechanism in the CAF, it remains unclear whether the CAF will provide the Company with the same level of support over time that the Company currently receives.

12. SUBSEQUENT EVENTS

In January 2015, the Company entered into a listing agreement in the amount of [REDACTED] for the sale of certain land with a book value of [REDACTED] which is reflected within "Regulated communications" property, plant and equipment on the accompanying balance sheets.